



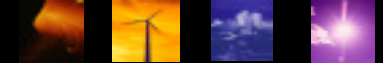
WE MAKE ENERGY WORK

Growing Green Power Demand

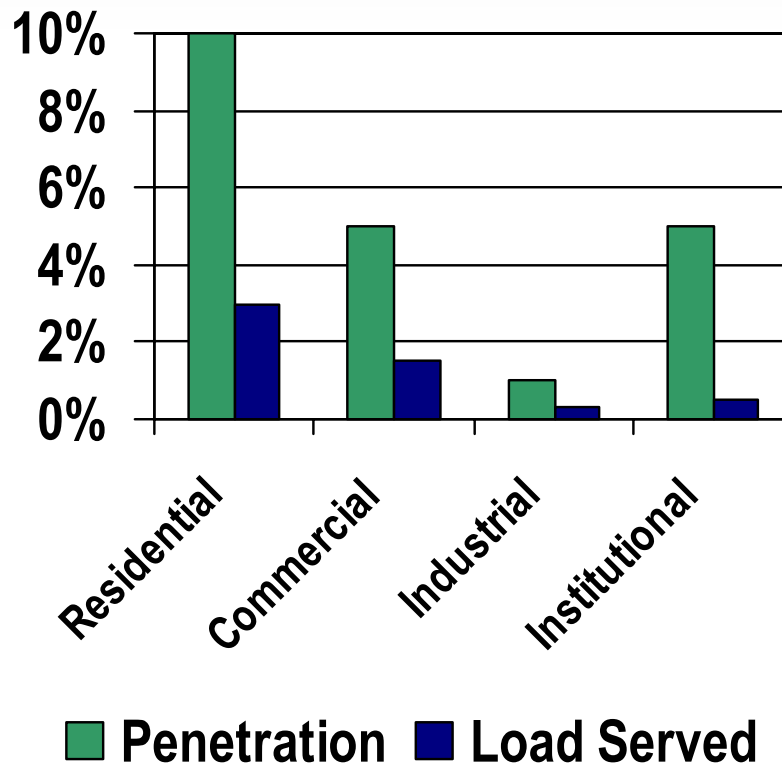
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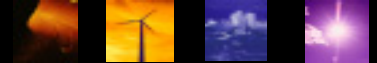
Green Choice = Real MW?



In an average utility:

- 5% penetration doable
- C&I&I are crucial
- In 6 months? No.
Within 5 + years? Yes.





Julie's Green Power Lessons Learned

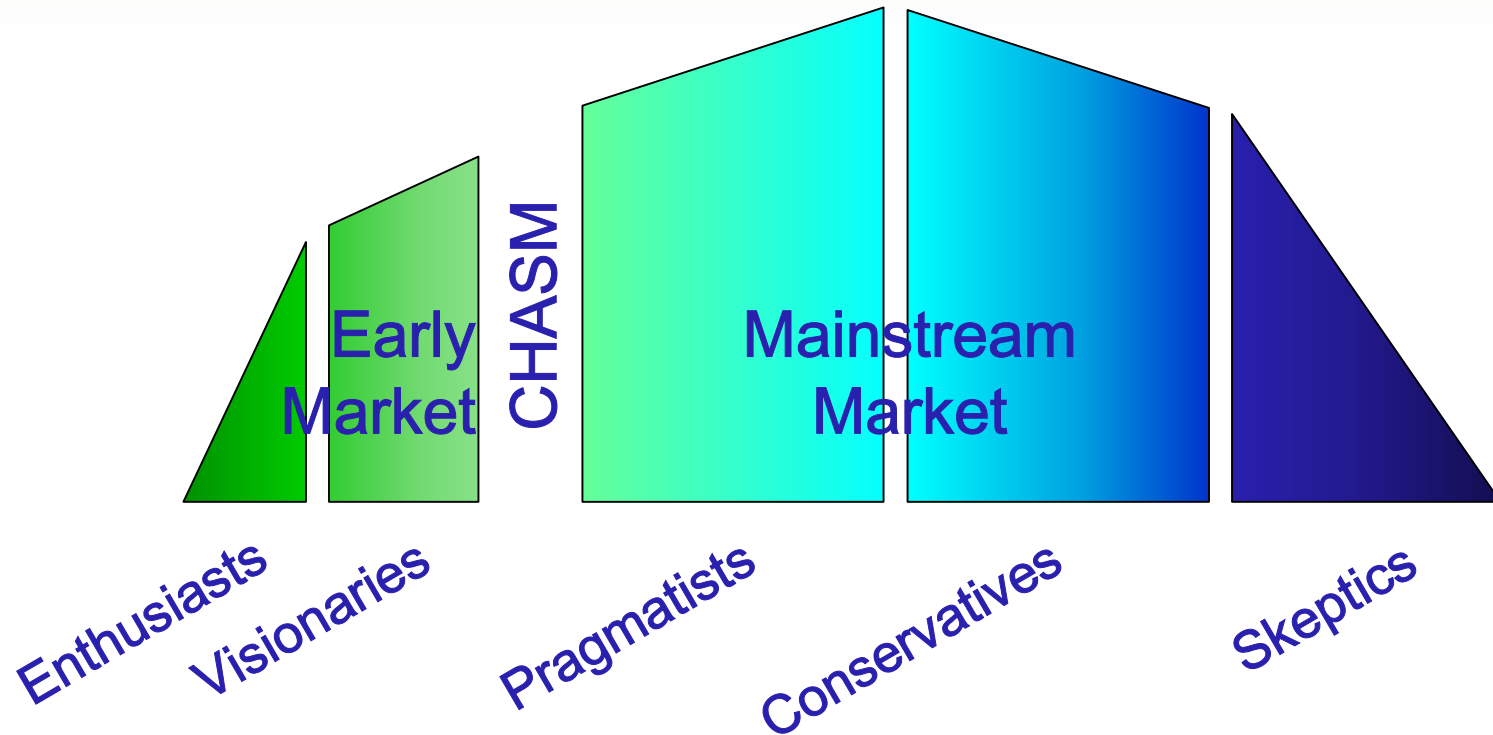
- People don't connect electricity with air pollution.
- People don't understand what renewable energy is.

When educated, people will pay for renewable power.

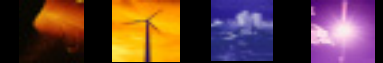
- For a large segment of the US population, any hassle or confusion prevents a green power sale.



Crossing the Enviro Chasm



Thanks to Geoff Moore's *Crossing the Chasm* for inspiration.



Purchase and Sales Process

Customer View

Awareness

Attraction

Motivation

Consideration

Purchase

Recommitment

Marketer View



Promotion



Positioning / Message



Offer / Call to Action



Distribution



Sale



Retention



Why Only 1-3% Penetration?

- Awareness – didn't know about the program
- Attraction – don't get the connection
- Motivation – why figure out how to do it today
- Consideration – isn't super easy
- Purchase – experience matters for referral

If customers HAD to shop for power you would see shopping behavior.

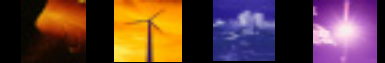
Our job: Create Shopping Behavior!





New Product + New Category = \$\$\$\$

- New product, new category = \$300 MM
 - ❖ E*Trade (1999 US)
- New product, existing category = \$100 MM
 - ❖ Total Toothpaste, Pepsi One (2000 US)
- Existing product, lots of shopping = \$650 MM
 - ❖ AT&T Wireless (2002 US)
- Reality: Education Costs Money
 - ❖ Energy Efficiency proved some regulators can handle this fact.



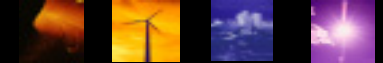
Creating Behavior Costs Money

Hypothetical Per Customer Economics for Retail Electricity Customers – Green or Brown

kWh/Customer-Year	10,000	
Revenue/Customer-Year	\$ 460.00	
Gross Margin	10%	20%
Gross Profit	\$ 46	\$ 92
Operating Expense*	-24	-24
Retention Expense*	-12	-12
Contribution	\$ 10	\$ 56
Acquisition*	\$ 100	\$ 100
Year to Payback	10	2
Churn	15%	15%
Overhead and Development*	?	?

*Scale economies and allocation protocols significantly affect per customer expense.

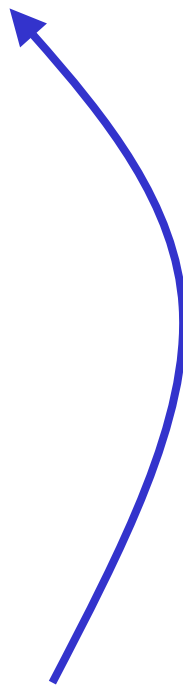




Acquisition Cost Declines with Leverage

Customer View

- Awareness / Attraction
- Motivation / Consideration
- Purchase & Viral Marketing



Marketer View

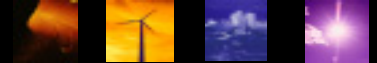
- Buzz & Credibility
 - ❖ PR, Leading Switchers
 - EPA & Enviro Support
- Easy Switching
 - ❖ Channel choice & Implementation
- Sales
 - ❖ Offer, Call to Action, Implementation





How to Measure Success

- Develop Explicit Goal(s) → Strategy and Metrics
 - ❖ MW, MWh, customer penetration, satisfaction ...
- Get Metrics Buy-in + Logical Milestones
 - ❖ Sign-ups, sales, served: Earth Day + 60 days
- Benchmark Results
 - ❖ 10% of res in 2 years? 5% of load in 3 years?
- Benchmark Costs/Benefits
 - ❖ \$ / acquisition, churn, channel effectiveness
 - ❖ Free media, leveraging enviros, EPA
 - ❖ Cross-selling, marketing integration

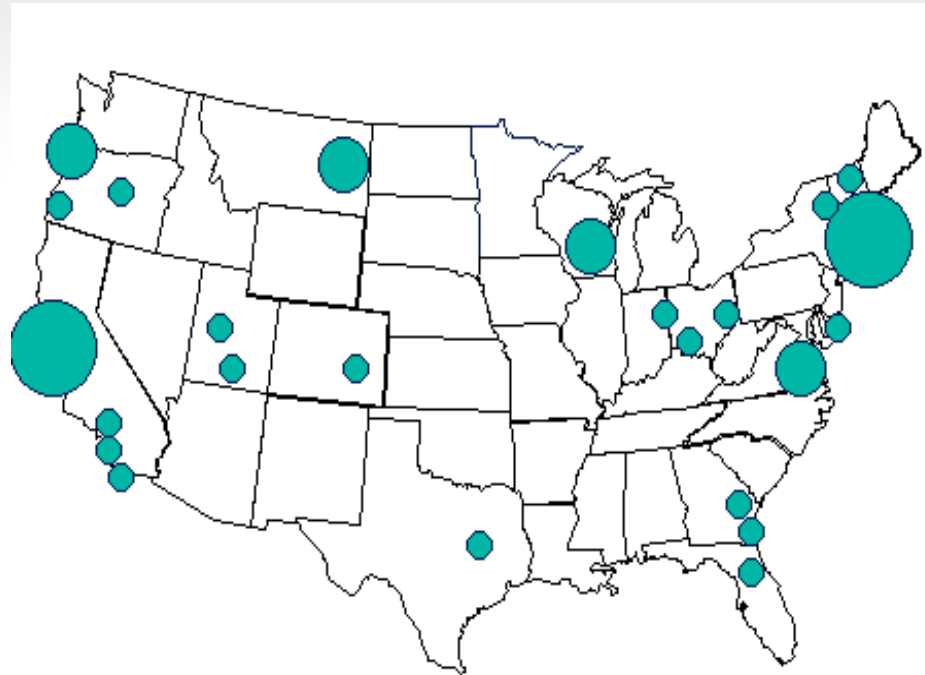


How to Use XENERGY

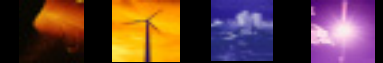
- Strategic Planning
- Benchmarking
- Sounding Board for 3C's, 4P's
- Campaign Design Counsel
- Integration with Master Branding/Marketing
- Metrics Selection Support
- Measurement and Evaluation
- Outsourcing as Needed



XENERGY's Green Tag Purchase



- 25 offices
- 50% annual MWh
- 1 year term
- 100% new renewable
- 95% wind, 5% solar
- 222 k lbs CO2 offset



For More Information

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